

Message Text

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54

ACTION EA-10

INFO OCT-01 ISO-00 FS-01 PM-03 CIAE-00 INR-07 NSAE-00

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R 310259Z JAN 75

FM AMEMBASSY MANILA

TO CINCPACREP PHIL SUBIC (N-4)

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E.O. 11652: N/A

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SUBJECT: RECOUPMENT

REFS: A. CINCPACREP PHIL 280841Z JAN 75
B. SECDEF 242351Z JAN 75 JOINT TREASURY DEFENSE
MESSAGE 1453
C. 120814Z 5 DEC 75
D. MANILA 14514, E. MANILA 12656 F. MLA 11617

1. EMBASSY DOES NOT BELIEVE THAT PHILIPPINE COMMERCIAL BANKS PROVIDE PRACTICAL MEANS FOR RECOUPMENT OF U.S. DOLLARS FOR USE BY U.S. MILITARY ORGANIZATIONS IN THE PHILIPPINES. MORE THAN 30 PHILIPPINE COMMERCIAL BANKS AND SEVERAL TIMES THIS NUMBER OF FOREIGN EXCHANGE DEALERS ACQUIRE DOLLARS IN COURSE OF NORMAL BUSINESS. HOWEVER, AMOUNTS ACQUIRED BY INDIVIDUAL ORGANIZATIONS ARE SMALL AND WOULD NOT JUSTIFY COST OF SECURE DELIVERY TO EITHER OF U.S. MILITARY BANKING FACILITIES IN THE PHILIPPINES. IN ADDITION TO THESE LOGISTICAL OBJECTIONS, EMBASSY BELIEVES SUCH EXTENSIVE RELATIONS BETWEEN BASE BANKING FACILITIES AND DOMESTIC COMMERCIAL BANKS COULD EASILY LEAD PHILIPPINE MONETARY AUTHORITIES TO QUESTION WHETHER FACILITIES ARE GOING BEYOND ROLE ACCORDED THEM UNNDER AGREEMENTS BETWEEN TWO GOVERNMENTS.

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2. U.S. DOLLARSS ACQUIRED BY PHILIPPINE COMMERCIAL BANKS

AND OTHER ORGANIZATIONS ARE NORMALLY SOLD TO PHILIPPINE CENTRAL BANKS. ACCORDING TO RECENT INFORMATION, MONTHLY ACCUMULATIONS BY CENTRAL BANK RANGE FROM \$1 MILLION TO \$2 MILLION. EMBASSY UNDERSTANDS LARGER OF THESE FIGURES WOULD BE INADEQUATE TO MEET COMPLETELY MONTHLY U.S. DOLLAR REQUIREMENTS AT U.S. MILITARY FACILITIES IN THE PHILIPPINES.

3. EMBASSY SUGGESTS THAT CINCPAC REP PHIL OBTAIN FROM MILITARY BANKING FACILITIES IN PHILIPPINES THEIR VIEWS ON PRACTICALITY OF RECOUPMENT OF U.S. DOLLARS FROM PHILIPPINE COMMERCIAL BANKS. IF THEY CONCUR WITH EMBASSY VIEW ON THIS POINT, AND IF CINCPAC REP PHIL CONTINUES TO REGARD RECOUPMENT THROUGH CENTRAL BANK AS BENEFICIAL TO EFFECTIVE SUPPLY OF U.S. DOLLARS TO U.S. MILITARY FACILITIES IN PHILIPPINES, EMBASSY RECOMMENDS THAT CINCPAC REP PHIL INFORM TREASURY AND DEFENSE OF THESE CONCLUSIONS AND REQUEST TREASURY SUPPORT FOR RECOUPMENT ARRANGEMENTS WORKED OUT BY EMBASSY WITH CENTRAL BANK.

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